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DEPARTMENT OF THE NAVY JUSTIFICATION OF ESTIMATES
AMENDED FISCAL YEAR 1988 (U) OFFICE OF THE COMPTROLLER
(NAVY) WASHINGTON DC FEB 88

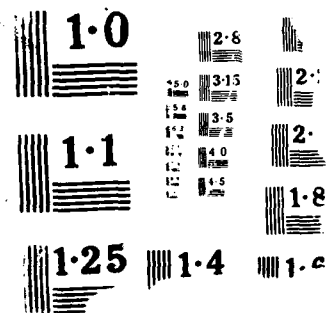
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DEPARTMENT OF THE NAVY
JUSTIFICATION OF ESTIMATES
AMENDED FY 1988/1989 BIENNIAL BUDGET

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DEPARTMENT OF THE NAVY
STOCK FUND

DEPARTMENT OF THE NAVY
JUSTIFICATION OF ESTIMATES FOR FISCAL YEAR 1988/1989

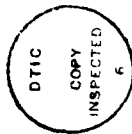
DEPARTMENT OF THE NAVY STOCK FUND

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DEPARTMENT OF THE NAVY
STOCK FUND
Appropriation Language

For the Department of the Navy Stock Fund; [\$329,400,000] \$204,700,000.
(10 U.S.C. 2208; Department of Defense Appropriation Act, 1988, Public Law 100-202).



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Navy

Navy Stock Fund
Program and Financing (in thousands of dollars)

Identification code	17-4911-0-4-051	1987 actual	1988 est.	1989 est.
Program by activities:				
01.0101	Ships, ordnance and electronics repair parts	367,551	367,500	383,600
01.0201	Forms and printed matter	12,276	14,800	15,000
01.0301	Ships store and commissary store stock	936,968	1,251,816	1,310,220
01.0401	Profits from sale of ships' stores paid to ships store profits, Navy	28,203	22,900	23,000
01.0501	Ship overhaul material	141,628	118,200	108,300
01.0601	Special clearance account	832	1,000	1,000
01.0701	Fleet material support office-retail commodities	1,441,773	1,791,788	1,890,840
01.0801	Aviation consumable material	823,763	717,500	760,200
01.0901	Fuels and related items	1,466,303	1,357,872	1,339,270
01.1001	Ship depot level reparables	1,247,398	959,600	905,000
01.1101	Aviation depot level reparables	1,973,753	1,904,100	1,604,600
01.1401	Amphibious supplies	21,095	21,095	14,370
10.0001	Total obligations	8,440,448	8,528,171	8,355,400
Financing:				
Offsetting collections from:				
11.0001	Federal funds(-)	-6,808,785	-7,475,071	-6,763,800
13.0001	Trust funds(-)	-92,831	-91,600	-87,800
14.0001	Non-Federal sources(-)	-1,021,361	-1,251,600	-1,299,100
22.9801	Fund balance transferred to other accounts		619,500	
39.0001	Budget authority	517,472	329,400	204,700
Budget authority:				
40.0001	Appropriation	352,570	329,400	204,700
69.1001	Contract authority (Substantive law) [Statutory citation]	164,902		
Relation of obligations to outlays:				
71.0001	Obligations incurred, net	517,471	-290,100	204,700
72.4901	Obligated balance, start of year:			
72.9801	Contract authority	5,615,870	5,780,771	5,819,331
	Fund balance	1,806,583	1,482,028	808,274
73.4901	Obligated balance transferred, net:		38,560	
73.9801	Contract Authority		44,546	
	Fund balance			
74.4901	Obligated balance, end of year:	-5,780,771	-5,819,331	-5,819,331
74.9801	Contract authority	-1,482,028	-808,274	-551,274
	Fund balance			
90.0001	Outlays	677,126	428,200	461,700

Navy

Navy Stock Fund
Object Classification (in thousands of dollars)

Identification code	17-4911-0-4-051	1987 actual	1988 est.	1989 est.
Reimbursable obligations:				
222.001 Transportation of things		51,485	66,400	70,030
Other services:				
225.004 Other		1,308,244	1,322,600	1,261,800
226.001 Supplies and materials		7,052,516	7,116,271	7,000,570
242.001 Insurance claims and indemnities		28,203	22,900	23,000
299.001 Total Reimbursable obligations		8,440,448	8,528,171	8,355,400
999.901 Total obligations		8,440,448	8,528,171	8,355,400

Navy

Marine Corps Stock Fund
Program and Financing (in Thousands of dollars)

Identification code	17-4913-0-4-051	1987 actual	1988 est.	1989 est.
Program by activities:				
01.0101 Amphibious supplies		14,249		
01.0201 Retail-Air other (less fuel)		97,700		
01.0301 Fuels and related items		23,196		
01.0401 Subsistence-commissary		225,810		
10.0001 Total obligations		360,755		
Financing:				
Offsetting collections from:				
11.0001 Federal funds(-)		-196,872		
14.0001 Non-Federal sources(-)		-165,802		
32.4901 Balance of contract authority withdrawn		2,741		
40.0001 Budget authority (Appropriation)		822		
Relation of obligations to outlays:				
71.0001 Obligations incurred, net		-1,919		
72.4901 Obligated balance, start of year:			38,560	
72.9801 Contract authority		41,302	44,546	
72.9801 Fund balance		52,155		
Obligated balance transferred, net:				
73.4901 Contract Authority			-38,560	
73.9801 Fund balance			-44,546	
74.4901 Obligated balance, end of year:		-38,560		
74.9801 Contract authority		-44,546		
74.9801 Fund balance				
90.0001 Outlays		8,431		

Navy

Marine Corps Stock Fund
Object Classification (in Thousands of dollars)

Identification code	17-4913-0-4-051	1987 actual	1988 est.	1989 est.
Reimbursable obligations:				
222.001 Transportation of things		2,613		
228.001 Supplies and materials		358,142		
		360,755		
299.001 Total Reimbursable obligations				
		360,755		
999.901 Total obligations				

**DEPARTMENT OF THE NAVY
STOCK FUND**

Appropriated Funds Request

(In Thousands of Dollars)

	<u>Peacetime</u>	<u>War Reserves</u>	<u>Total</u>
DEPARTMENT OF THE NAVY			
STOCK FUND			
FY 1989 Amended Estimate	\$ 139,084	\$ 65,616	\$ 204,700
FY 1989 Change	(\$ 227,481)	(\$ 2,400)	(\$ 229,881)
FY 1989 Initial Estimate	\$ 366,565	\$ 68,016	\$ 434,581
FY 1988 Estimate	\$ 278,361	\$ 51,039	\$ 329,400
FY 1987 Actual.....	\$ 353,392	\$ -0-	\$ 353,392

General Statement

The Department of the Navy Stock Fund is a revolving fund established for the purpose of financing inventories of secondary items to support Navy and Marine Corps combat forces and shore installations. The stock fund customers buy material using annual appropriated funds. These monies, in turn, are then used by the stock fund to reinvest in material to meet future customer demands. Beginning in FY 1983, Congress directed that inventory investment for support of new weapons systems, weapons systems with expanding populations and readiness or sustainability initiatives be financed by direct appropriations. This request supports that direction.

This submission also reflects the consolidation of the Navy Stock Fund and the Marine Corps Stock Fund, previously two separate accounts, into a single Department of the Navy Stock Fund, effective 1 October 1987.

The Navy manages both expense/consumable items and repairable items for ships and aircraft in the stock fund while the Marine Corps manages expense-type material and items of equipment primarily in support of the day-to-day operating requirements of Marine Corps posts, camps and stations. Material categories managed by both the Navy and Marine Corps require two levels of inventory. The first level is Peacetime Operating Stock (POS) supporting annual training and maintenance requirements. This level requires direct appropriation for inventory increases resulting from force modernization, force modification or readiness initiatives. War Reserve Material (WRM) is the second level of inventory and provides the increment above peacetime inventory required to sustain the wartime force until production can meet wartime consumption. The Department of the Navy Stock Fund WRM consists of two segments. The prepositioned segment is held in forward areas, aboard ship,

or at places where it can be readily loaded to accompany troops to assure timely support of a designated force in the initial phase of a war or contingency. The second segment is to provide sustaining support and is commonly referred to as Other War Reserve Material (OWRM).

On 1 April 1985, the Navy expanded its test of financing the procurement and repair of non-aviation Depot Level Repairable (DLR) components in the Navy Stock Fund to aviation DLRs. Prior to this time, DLRs were funded in either Weapons Procurement, Navy (WPN), Other Procurement, Navy (OPN), or Aircraft Procurement, Navy (APN), while repair was funded in the Operation and Maintenance, Navy (O&MN) appropriation. In the procurement accounts, release of these items from the supply system was on a "free issue" basis. Under stockfunding, a "buyer/seller" relationship is established and users of DLRs pay for what they requisition. The purpose of the test is to determine if readiness can be improved via better material support and if economies can be achieved due to the "buyer/seller" relationship. The expanded test ends on 31 March 1988. Results have been extremely positive with readiness indicators showing strong improvement through FY 1987.

Incorporated in this request are the effects of the Secretary of Defense's Ten Point Program to increase competition and reduce the cost of spare parts. In August 1983, the Navy instituted Project BOSS (Buy Our Spares Smart), a multi-faceted program to improve the acquisition of spare parts. Project BOSS attacks all phases of who uses, purchases or controls material. The concepts encompassed by BOSS have changed the way the Navy buys spare parts. The Marine Corps has also instituted improved acquisition policies and procedures to improve competition and reduce the cost of spare parts. Savings resulting from these initiatives have been reflected in the stock fund request and in customer budgets.

Peacetime Inventory Augmentation - Secondary Items

(In Thousands of Dollars)

FY 1989 Amended Estimate	\$139,084
FY 1989 Change	(\$227,481)
FY 1989 Initial Estimate	\$366,565
FY 1988 Estimate	\$278,361
FY 1987 Actual	\$353,392

Narrative Statement

The Department of the Navy Stock Fund Peacetime Inventory Augmentation request identifies spare parts inventory growth to support new weapons systems/aircraft being introduced into the fleet and Marine Corps, as well as modifications to existing aircraft and specific initiatives to improve fleet and Marine Corps readiness.

The FY 1988/1989 Department of the Navy Stock Fund budget request for Peacetime Inventory Augmentation would finance new repair parts inventories to support new weapons systems, which includes aircraft as well as combat capabilities of Marine Corps forces. The FY 1988 Department of the Navy investing in spare parts support for new hardware represents a 21.1 percent decrease over FY 1987, reflecting constrained resources. The requested repair parts funding is the minimum required to support new sophisticated weapons systems and aircraft hardware, and is vital to the Navy and Marine Corps readiness and sustainability.

(In Millions of Dollars)

	FY 1988			FY 1989				
	<u>Shipboard</u>	<u>Aviation</u>	<u>Marine Corps</u>	<u>Total</u>	<u>Shipboard</u>	<u>Aviation</u>	<u>Marine Corps</u>	<u>Total</u>
Force Modernization	96.6	134.7	-0-	231.3	72.6	58.0	.2	130.8
Force Modification	-	10.8	-0-	10.8	-	3.1	-	3.1
Readiness/Sustainability	36.3	-	-0-	36.3	4.7	-	.5	5.2
Total Request	<u>132.9</u>	<u>145.5</u>	<u>-0-</u>	<u>278.4</u>	<u>77.3</u>	<u>61.1</u>	<u>.7</u>	<u>139.1</u>

Justification of the requested funds for Peacetime Inventory Augmentation in FY 1989 follows:

DEPARTMENT OF THE NAVY

STOCK FUND

Peacetime Inventory Augmentation - Secondary Items

(In Thousands of Dollars)

FY 1989 Amended Estimate	\$130,799
FY 1989 Change	(\$185,777)
FY 1989 Initial Estimate	\$316,576
FY 1988 Estimate	\$231,300
FY 1987 Actual.....	\$277,103

Force Modernization

The requirement for force modernization is to finance the acquisition of repair parts required for the establishment of initial levels of stockage at all echelons of inventory held by the Department of the Navy Stock Fund. It includes any initial stockage related to the introduction of a new aircraft, weapon system, assembly, or to support the introduction of additional units of end items above current force levels.

The cost of repair parts to support these weapons systems/aircraft is based on the total cost of the hardware and the number of installations of this hardware requiring support. A breakdown by weapon system and aircraft of the repair parts supporting the FY 1988/1989 program requirement follows:

Force Modernization
(Shipboard)

(In Millions of Dollars)

Shipboard
Weapon System

Submarine Advanced Combat System (SUBACS)
Spares Support For TRIDENT Submarine Equipments
Fuel for New Oilers

Repair Parts Costs

<u>FY 1988</u>	<u>FY 1989</u>
10.2	6.6
3.5	4.9
11.8	7.4

	Repair Parts Costs	
	FY 1988	FY 1989
Shipboard		
Weapon System		
Hull, Mechanical & Electrical, and Combat Support For New Ships	3.9	2.9
Advanced Capability (ADCAP) Torpedo	4.7	3.7
Spares Support For Nuclear Propulsion Equipment	1.2	2.0
Spares for Various Classified Programs	5.3	2.5
Gunfire Control Systems	2.6	0.8
Electrically Suspended Gyroscopic Navigation (ESGN) System	5.0	2.4
AN/WLR-9 Acoustic Intercept Receiver	-	0.2
BQQ-5 Thin Line Towed Array Sonar For Submarines	1.7	0.6
MK-50 Torpedo	1.5	1.0
Vertical Launch System	2.2	1.4
UYV-1 Sonar Signal Processor	1.0	0.2
UYK-44 Shipboard Tactical Computer	0.6	0.2
MK-57 NATO Seasparrow Missile	0.7	0.4
Shipboard Sonar Systems	2.2	2.2
Surface Search Radars	1.7	0.9
Extremely Low Frequency (ELF) Communications	2.6	0.4
AN/SLQ-32 Anti-Ship Missile Defense System	1.6	2.2
AN/BLR-14 Submarine Acoustic Warfare System	0.4	-
AN/USQ-93 Radar Environmental simulator System (RESS)	0.4	0.1
MK-15 Phalanx Close-In-Weapon System (CIWS)	2.3	1.5
MK-4 Protected Voice Portable Communications	-	0.2
CG-47 Class Support	0.3	0.2
TPS-73 Air Traffic Control Radar	-	0.6
CV-3591 Advanced Narrowband Digital Voice Terminal	2.4	0.9
LCAC Class Support	0.2	0.2
AN/SLQ-50 Battle Group Passive Horizon Extension System	0.2	0.5
Tartar Ordnance Alteration	0.2	0.1
AN/USQ-83 Programmable Data Terminal Set	0.3	0.4
AN/UYQ-21 Standard Data Display System	7.0	0.8
Outfitting Spares for CVN-72 and LHD-1	-	7.2
Surface Navigational Radars	0.9	0.8
AN/SLQ-48 Mine Neutralization System	0.4	-
UKY-43 Large Scale Tactical Embedded Computer	1.2	0.9

	<u>Repair Parts Costs</u>	
	<u>FY 1988</u>	<u>FY 1989</u>
<u>Shipboard</u>		
<u>Weapon System</u>		
General Purpose Electronic Test Equipment (GPETE)	1.8	1.4
NAVSTAR Satellite Navigation System	0.3	0.6
LSD-41 Class Support	0.7	0.5
Phased Maintenance for New Auxiliary and Amphibious Class Ships	0.7	0.3
AN/SLR-23 Shipboard Countermeasures Detection System	0.6	0.1
SSN-688 Class Support	0.4	0.3
Radio Terminal Sets	0.3	0.1
UYH-3 Data Recorder And Reproducing Equipment	0.5	0.2
AN/USQ-82 Data Multiplex Information Transfer System	0.6	0.3
MCM Class Support	1.3	0.5
Low Dollar Shipboard Equipments	<u>9.2</u>	<u>11.0</u>
Total Navy Shipboard Force Modernization	96.6	72.6

Force Modernization
(Aviation)

(In Millions of Dollars)

<u>Aircraft Weapon System</u>	<u>Repair Parts Cost</u>	
	<u>FY 1988</u>	<u>FY 1989</u>
SH-60B	16.7	6.2
F/A-18	43.6	19.8
AV-8	22.7	8.9
AH-1W	17.6	2.1
CH-53	3.8	1.5
A-6E	6.7	2.1
F-14D	1.4	1.3
EA-6B	7.1	6.2
Support Equipment	2.6	2.0
HH-60	2.3	0.3
E-2C	3.2	1.8
SH-3H	0.0	0.4
Catapult & Arresting Gear	6.9	3.4
P-3C	0.1	0.0
V-22A	0.0	2.0
Total Aircraft Force Modernization	<u>134.7</u>	<u>58.0</u>
Marine Corps Force Modernization 1/	<u>-</u>	<u>.2</u>
Total Force Modernization	231.3	130.8

1/ Examples of end items to be supported include: Ugun Weapons Stations for the AAVP7A1; AN/TRD-10 Direction Finder; AN/MSC-63 Communications Central; and MK-154 Launcher Mine Cleaning System.

DEPARTMENT OF THE NAVY
STOCK FUND
 Peacetime Inventory Augmentation - Secondary Items

(In Thousands of Dollars)

FY 1989 Amended Estimate	\$ 3,100
FY 1989 Change	(\$ 6,300)
FY 1989 Initial Estimate	\$ 9,400
FY 1988 Estimate	\$ 10,800
FY 1987 Actual.....	\$ 14,100

Force Modification

Force modification requirements are necessary to finance the acquisition of repair parts to provide increases in inventory held by the Department of the Navy Stock Fund in support of program-med modifications to existing aircraft. Installation of new weapons systems aboard existing ships is included in the Force Modernization section.

The aircraft modification requirement represents the investment in repair parts to support the modifications described in the aircraft procurement, Navy (APN) appropriation request.

Breakout of the force modification requirements in the FY 1988/1989 program follows:

Force Modification
(Aviation)

(In Millions of Dollars)

	<u>Repair Parts Cost</u>
	<u>FY 1988</u> <u>FY 1989</u>
Aircraft Modifications	10.8 3.1
Total Force Modifications	10.8 3.1

DEPARTMENT OF THE NAVY

STOCK FUND

Peacetime Inventory Augmentation - Secondary Items

(In Thousands of Dollars)

FY 1989 Amended Estimate	\$ 5,185
FY 1989 Change	(\$ 35,404)
FY 1989 Initial Estimate	\$ 40,589
FY 1988 Estimate	\$ 36,261
FY 1987 Actual.....	\$ 62,189

Readiness and Sustainability

The requirement for readiness and sustainability is to finance the acquisition of repair parts which increase current levels at any echelon of inventory held by the Department of the Navy Stock Fund for the purpose of increasing material readiness or sustainability. Initiatives include increased material stockage to improve approved, identifiable and quantifiable readiness indicators such as stock availability, operational availability, backorder rates, mission capable rates, casualty reports, etc.

A list of the readiness and sustainability initiatives in the FY 1988/1989 program follows:

Readiness and Sustainability

(In Millions of Dollars)

<u>Repair Parts Cost</u>	
<u>FY 1988</u>	<u>FY 1989</u>

TRIDENT Training Facility - Provides for initial levels of inventory at the new TRIDENT submarine activity at Kings Bay, GA.	11.0	-
--	------	---

Consolidated Shore Based Allowance List (COSBAL) - Provides spare parts for Naval Air Stations and Communications Stations to support critical Air Traffic Control and communication equipment located at these shore activities.	9.7	3.1
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	<u>Repair Parts Cost</u>	
	<u>FY 1988</u>	<u>FY 1989</u>
Operational Support Inventory - Provides intermediate levels at waterfront supply activities to support newly homeported ships in the Bremerton and Gulf Coast areas.	-	1.6
TRIDENT Protection Levels - Provides increased levels of stock to support TRIDENT submarines in order to achieve the increased availability required for this critical strategic weapons system.	10.7	-
Numeric Stockage Objective - Provides stockage of a minimum replacement unit for items not previously stocked which have experienced a failure in a critical weapon system.	2.0	-
PEALANX Rotatable Pool - Provides a pool of components at the Depots repairing the Close-in-Weapons System (CIWS), thereby eliminating current rework, improving support and reducing repair turn-around-time for this critical weapons system.	2.9	-
Marine Corps - Provide support to customer decisions to modernize the operating environment (e.g. office automation, installation of a new telephone system, new and more complex equipment, facilities upgrade efforts), and by completed Military Construction projects. Examples of types of equipment to be funded include transformers, generators, fuses, copper tubing, batteries, cables and carburetors.	-	.5
Total	36.3	5.2

**DEPARTMENT OF THE NAVY
STOCK FUND
War Reserves - Secondary Items**

(In Thousands of Dollars)

FY 1989 Amended Estimate	\$ 65,616
FY 1989 Change	(\$ 2,400)
FY 1989 Initial Estimate	\$ 68,016
FY 1988 Estimate	\$ 51,039
FY 1987 Actual.....	\$ -0-

Narrative Statement

The Department of the Navy Stock Fund provides for the procurement of War Reserve Material (WRM) stocks which will be held in inventory until such time as the stocks are issued to support and sustain operational force wartime requirements. Funding is provided by direct appropriation. Management of the overall stock fund program is facilitated by collecting all stock fund WRM requirements in a single appropriation. Stock Fund categories are as follows:

- a. Shipboard Material --- Consumable and depot level repairable ship, submarine, shore based, electronic and ordnance equipment, and subassembly components and repair parts.
- b. Retail Supplies --- Consumable items used by Navy activities but managed by other service activities. The types of material include parts peculiar to combat and tactical vehicles managed by Army, aircraft material managed by the Air Force and clothing and textiles, construction, general, electronic and industrial material and subsistence managed by the Defense Logistics Agency.
- c. Aeronautical Material --- Consumable and depot level repairable aeronautical, photographic and catapult and arresting gear components, subassemblies and repair parts.
- d. Forms and Printed Matter --- Printed matter including forms, directives, placards, publications and manuals.

- e. Amphibious Supplies --- Marine Corps managed consumable/expendable items for support of the combat forces.
- f. Retail - All Other (Less Fuel) --- Other Integrated Material Manager (IMM) consumable/expendable items for support of Marine Corps combat forces. Includes prepositioned fuel bars to heat combat rations.
- g. Subsistence/Commissary --- Prepositioned Meals Ready to Eat (MREs), i.e., combat rations and food supplements to sustain Marine Corps combat forces.

The justification of the requested funds for war reserves in FY 1989 follows:

DEPARTMENT OF THE NAVY
STOCK FUND
War Reserves - Secondary Items
(In Thousands of Dollars)

	<u>FY 1987 Actual</u>	<u>FY 1988 Estimate</u>	<u>FY 1989 Estimate</u>
Navy Cargo Handling Forces	-0-	5,300	-0-
Fleet Support	-0-	8,989	19,958
Advanced Base Functional Component	-0-	7,142	10,021
Fleet Hospital Element	-0-	800	-0-
Merchant Ship Amphibious Lift and Personnel Transport	-0-	2,000	-0-
Marine Corps Equipment Support and Allowance Items	-0-	18,805	27,772
Marine Corps Clothing and Textiles	-0-	5,768	5,152
Marine Corps Subsistence/Commissary	<u>-0-</u>	<u>2,235</u>	<u>2,713</u>
Totals	-0-	51,039	65,616

DEPARTMENT OF THE NAVY
STOCK FUND

War Reserves - Secondary Items

(In Thousands of Dollars)

FY 1989 Amended Estimate	\$	-0-
FY 1989 Change	\$	-0-
FY 1989 Initial Estimate	\$	-0-
FY 1988 Estimate	\$	5,300
FY 1987 Actual.....	\$	-0-

Navy Cargo Handling Forces

This material supports the Navy Cargo and Handling and Port Groups (NAVCHAPGRU). The NAVCHAPGRU is a mobile Logistic Support Unit capable of world-wide deployment in its entirety or in detachments, to provide supervisory cargo handling and emergency port control to Fleet Commanders for support of naval operations. No funds are requested in FY 1989.

DEPARTMENT OF THE NAVY
STOCK FUND
War Reserves - Secondary Items

(In Thousands of Dollars)

FY 1989 Amended Estimate	\$ 19,958
FY 1989 Change	\$ -0-
FY 1989 Initial Estimate	\$ 19,958
FY 1988 Estimate	\$ 8,989
FY 1987 Actual.....	\$ -0-

Fleet Support

This Navy War Reserve Project provides additional secondary items required to meet higher wartime demand rates in support of approved forces such as training sites, industrial activities, and sustainability of support forces. It includes non-demand based material used only in wartime such as battle damage repair material. FY 1989 funds are requested as follows:

	<u>FY 1988</u>	<u>FY 1989</u>
Shipboard material	\$ 3,589	\$ 5,942
Aeronautical material	\$ 1,700	\$ 9,019
Retail supplies	<u>\$ 3,700</u>	<u>\$ 4,997</u>
Total	\$ 8,989	\$19,958

DEPARTMENT OF THE NAVY
STOCK FUND
 War Reserves - Secondary Items

(In Thousands of Dollars)

FY 1989 Amended Estimate	\$ 10,021
FY 1989 Change	\$ -0-
FY 1989 Initial Estimate	\$ 10,021
FY 1988 Estimate	\$ 7,142
FY 1987 Actual	\$ -0-

Advanced Base Functional Component (ABFC) and Operation Plan (OPLAN) Support

This program provides for forward base support to Naval forces during contingencies and wartime. The FY 1988 and FY 1989 funding is for outfitting Advanced Based Functional Components for P-3 Aircraft Maintenance Vans. FY 1989 funds are requested as follows:

	<u>FY 1988</u>	<u>FY 1989</u>
Shipboard material	\$ 0	\$ 58
Retail supplies	\$ 1,000	\$ 1,203
Aeronautical material	<u>\$ 6,142</u>	<u>\$ 8,760</u>
Total	\$ 7,142	\$10,021

DEPARTMENT OF THE NAVY
STOCK FUND
 War Reserves - Secondary Items

(In Thousands of Dollars)	
FY 1989 Amended Estimate	\$ -0-
FY 1989 Change	\$ -0-
FY 1989 Initial Estimate	\$ -0-
FY 1988 Estimate	\$ 800
FY 1987 Actual.....	\$ -0-

Fleet Hospital Element

This project provides expendable medical supplies to outfit hospitals in combat areas, including blood donor support at designated blood donor centers, for the operating forces during contingency operations. No funds are requested in FY 1989.

DEPARTMENT OF THE NAVY
STOCK FUND
 War Reserves - Secondary Items

(In Thousands of Dollars)

FY 1989 Amended Estimate	\$ -0-
FY 1989 Change	\$ -0-
FY 1989 Initial Estimate	\$ -0-
FY 1988 Estimate	\$ 2,000
FY 1987 Actual.....	\$ -0-

Merchant Ship Amphibious Lift and Personnel Transport

This project provides material that will enable merchant ships to augment the Amphibious Assault Ship Force in loading out a combat landing force. These ships will be positioned at Ready Reserve Force facilities located on the east, gulf and west coasts.

DEPARTMENT OF THE NAVY

STOCK FUND

War Reserve - Secondary Items

FY 1989 Amended Estimate	\$ 27,772
FY 1989 Change	(\$ 1,929)
FY 1989 Initial Estimate	\$ 29,701
FY 1988 Estimate	\$ 18,805
FY 1987 Actual.....	\$ -0-

Marine Corps Equipment Support and Allowance Items

Funding for Amphibious Supplies and Retail-All (Less Fuel) War Reserve Material will provide for the procurement of expense type items in support of Marine Corps tactical motor vehicles and weapons; combat field fortifications and other engineer equipment; communications and electronics equipment; and general property material required to sustain the combat forces. In addition, in FY 1989 funds are requested for the financing of fuel bars to sustain the combat forces.

The requirements for Marine Corps War Reserve Material are developed in two areas: equipment support (consumable spares) and allowance items. The combat consumption requirements for consumable spares are developed by applying tempered current usage data to the increase in the number of equipment involved in combat. Requirements for allowance items are developed by use of approved allowance lists offset by the quantities held by the operating forces. Combat sustainability is also calculated for combat essential allowance items. Examples of the types of equipment support and allowance items to be funded include: bayonet knife with scabbard; combat knife; mortar with case; pyrotechnic pistol without mount; barbed wire; sand bag; unmounted magnetic compass; chemical detector set; battery charger; radiac computer indicator; gasoline can; first aid kits; military water cans; water purification tablet; etc. There are literally thousands of individual, expense type items which must be provided to sustain the combat forces. The requirement for fuel bars is based on the consumption of Meals Ready to Eat in support of the combat forces.

The requested funds will provide an incremental increase in war Reserve Material to support the effective accomplishment of the Marine Corps' combat mission.

Funds are requested as follows:

Equipment Support		
Allowance Items		
Fuel Bars		
Total		
	FY 1988	FY 1989
	\$ 5,900	\$12,245
	\$12,759	\$15,349
	\$ 146	\$ 178
	<u>\$18,805</u>	<u>\$27,772</u>

**DEPARTMENT OF THE NAVY
STOCK FUND**

War Reserve - Secondary Items

FY 1989 Amended Estimate	\$ 5,152
FY 1989 Change	(\$ 471)
FY 1989 Initial Estimate	\$ 5,623
FY 1988 Estimate	\$ 5,768
FY 1987 Actual.....	\$ -0-

Marine Corps Clothing and Textiles

Clothing and Textiles are Marine Corps allowance items and are funded under the Amphibious Supplies and Retail-All Other (Less Fuel) Division. Funding provides for the procurement of expense-type clothing and textiles items.

Examples of allowance-type items in this commodity area are individual clothing; organizational equipment; and environmental clothing and equipment. Combat sustainability for combat essential items is additive to the requirement.

The requested funds will provide an incremental improvement in items necessary to outfit and sustain Marine Corps combat forces.

DEPARTMENT OF THE NAVY

STOCK FUND

War Reserve - Secondary Items

FY 1989 Amended Estimate	\$ 2,713
FY 1989 Change	\$ -0-
FY 1989 Initial Estimate	\$ 2,713
FY 1988 Estimate	\$ 2,235
FY 1987 Actual.....	\$ -0-

Marine Corps Subsistence/Commissary

Funding in the Subsistence/Commissary Division provides for the procurement of Meals Ready to Eat (MREs) i.e., combat rations, and food supplements to sustain Marine Corps combat forces.

The inventory objective for Meals Ready to Eat is based on the requirement to preposition MREs in support of the Land Prepositioning (Norway) program to sustain combat forces. The requirement for food supplements is based on a determination by medical personnel of caloric needs for health maintenance in an arctic environment.

There is a bilateral Memorandum of Understanding (MOU) between the government of Norway and the U.S. Government which allows for the prepositioning of 30 days of supply, including Class I (Subsistence) and selected items of equipment, to support a Marine Expeditionary Brigade (MEB). Norway prepositioning supports the timely reinforcement of NATO's northern flank by a MEB fly-in echelon. Stock Fund support is limited to the 30 days of rations (and fuel bars) and the high protein food supplements required to be in place for the MEB. The funds requested are necessary to permit placement of the MREs and food supplements in Norway as scheduled.

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DEPARTMENT OF THE NAVY
War Reserves - Secondary Items
(In Millions of Dollars)

Category	Stock Funded			Procurement Funded			Total	
	FY 87	FY 88	FY 89	FY 87	FY 88	FY 89	FY 87	FY 88
<u>Shipboard Material</u>								
Requirement	611.8	537.4	597.9	-	-	-	611.8	537.4
Applicable Assets	295.7	289.1	307.5	-	-	-	295.7	289.1
Funding Requested	-	3.6	6.0	-	-	-	-	3.6
								6.0
<u>Aeronautical Material</u>								
Requirement	902.8	815.5	914.0	4.0	4.0	4.0	906.8	819.5
Applicable Assets	404.5	376.7	414.6	.9	.9	.9	405.4	377.6
Funding Requested	-	7.8	17.8	2.0	-	-	2.0	7.8
								17.8
<u>Navy Retail Supplies</u>								
Requirement	521.0	513.5	540.1	-	-	-	521.0	513.5
Applicable Assets	248.1	261.8	278.7	-	-	-	248.1	261.8
Funding Requested	-	12.8	6.2	-	-	-	-	12.8
								6.2
<u>Forms and Printed Matter</u>								
Requirement	.5	.5	.5	-	-	-	.5	.5
Applicable Assets	.5	.4	.4	-	-	-	.5	.4
Funding Requested	-	-	-	-	-	-	-	-
								-
<u>Amphibious Supplies</u>								
Requirement	23.7	24.5	28.1	27.5	28.3	29.2	51.2	52.8
Applicable Assets	11.3	11.7	18.6	16.4	17.3	19.0	27.7	29.0
Funding Requested	-	6.6	-	1.0	1.7	1.7	1.0	8.3
								1.7

DEPARTMENT OF THE NAVY
War Reserves - Secondary Items
(In Millions of Dollars)

(In Millions of Dollars)

Category	Stock Funded			Procurement Funded			Total		
	FY 87	FY 88	FY 89	FY 87	FY 88	FY 89	FY 87	FY 88	FY 89
Marine Corps									
Retail-All Other									
Less Fuel									
Requirement	185.5	191.8	218.9	5.6	5.9	6.0	191.1	197.7	224.9
Applicable Assets	88.3	91.3	147.3	3.3	3.6	3.9	91.6	94.9	151.2
Funding Requested	-	18.0	32.9	0.2	0.3	0.3	0.2	18.3	33.2
Subsistence/Commissary									
Requirement	19.9	19.9	20.5	-	-	-	19.9	19.9	20.5
Applicable Assets	15.0	15.0	17.8	-	-	-	15.0	15.0	17.8
Funding Requested	-	2.2	2.7	-	-	-	-	2.2	2.7
Total Navy									
Requirement	2,265.2	2,103.1	2,320.0	37.1	38.2	39.2	2,302.3	2,141.3	2,359.2
Applicable Assets	1,063.4	1,046.0	1,184.9	20.6	21.8	23.8	1,084.0	1,067.8	1,208.7
Funding Requested	-	51.0	65.6	3.2	2.0	2.0	3.2	53.0	67.6

NAVY STOCK FUND SUMMARY **FY 1987**

(Dollars in Millions)

1. Division/Budget Program	Net Customer Orders	1/ Net Sales	Operations	Inventory Augment- ation	Mobiliz- ation	Total Oblig- ations
Ship Consumables	422.7	426.6	353.4	14.1	-	367.5
Publications and Forms	13.2	13.1	12.3	-	-	12.3
Ship/Commissary Stores	971.9	971.9	965.2	-	-	965.2
Ship Overhaul Material	112.3	112.3	141.6	-	-	141.6
Special Clearance Account	(693.0)	(693.0)	0.8	-	-	0.8
Retail Supplies	1,360.5	1,395.5	1,440.5	1.3	-	1,441.8
Aviation Consumables	838.4	830.2	758.9	64.9	-	823.8
Fuel	1,516.0	1,516.0	1,444.9	21.4	-	1,466.3
Ship Depot Repairables	942.5	938.9	1,120.5	126.9	-	1,247.4
Aviation Depot Repairables	2,438.5	2,186.1	1,851.0	122.7	-	1,973.7
Total	7,923.0	7,697.6	8,089.1	351.3	-	8,440.4

2. Narrative Explanation: Total Navy obligations have been reduced by over \$2 billion from initial estimates to reflect Congressional actions on the FY 1987 President's Budget. Operations obligations were \$300 million less than forecasted in this report last year. This decrease reflects the Stock Fund's flexibility in responding to lower program related requirements, reduced demand and management efficiencies, which minimized the cost of spares and improved the utilization of existing inventories. Considering the impact that the \$702.1 million refund had on sales, operations obligations were significantly below sales and reflects a net reduction in operational assets.

3. Significant Initiatives: Permanent increases to inventory for readiness initiatives were delineated in the FY 1987 President's Budget and financed by Inventory Augmentation funds. There were no significant operations initiatives. Operations obligations were required to finance sales replacement and levels associated with projected future demand.

4. Price Stabilization Rate Changes and Narrative Explanation: The price stabilization rate change executed in FY 1987 was a negative 0.5 percent which was the same rate of change presented in the FY 1987 President's Budget.

1/ Includes refund of \$702.1 million.

5. Outlays and Narrative Explanations:

Outlays by category were:

Operations	148.4
Inventory Augmentation	480.2
Mobilization	48.5
Total Outlays	<u>677.1</u>

In the Navy Stock Fund, outlays are the difference between expenditures (outflow of cash) and collections (inflow of cash). Expenditures are projected based upon the average time period between the obligation of funds and the expenditure/liquidation of the obligation. Projections are done individually for each Navy Stock Fund Budget Project and by obligation category (Operations, Inventory Augmentation and Mobilization) within each Budget Project. Collections (income from the sale of material) projections also are estimated individually for each Navy Stock Fund Budget Project. These projections are based upon prior year material sales/income, planned sales to satisfy scheduled ship and aircraft initial material outfitting requirements, and Department of Defense pricing guidance, insuring that customer budgets and Stock Fund prices are in balance. Since Operations obligational authority is used to finance all material replenishment and planned outfittings, income generated from sales of material are collections to the Operations category of the fund.

Included in the Operations outlay is a refund in accordance with the approved FY 1987 budget of Navy Stock Fund cash to customer appropriations in accordance with the approved FY 1987 budget. This refund totaled \$702.1 million and is reflected in the Special Clearance Account Budget Project. The refund was provided to the following appropriations:

O&M, Navy	524.2
O&M, Navy Reserve	66.5
O&M, Army	66.9
O&M, Air Force	<u>44.5</u>
Total	702.1

MARINE CORPS STOCK FUND SUMMARY
FY 1987

(Dollars in Millions)

<u>1. Division/Budget Program</u>	<u>Net Customer Orders</u>	<u>Net Sales</u>	<u>Operations</u>	<u>Inventory Augment- ation</u>	<u>Mobiliz- ation</u>	<u>Total Oblig- ations</u>
Amphibious Supplies	8.2	10.6	14.2	0.1	0.0	14.3
Retail-All Other (less Fuel)	100.8	99.5	97.0	0.7	0.0	97.7
Fuel	23.4	23.4	23.2	0.0	0.0	23.2
Subsistence/Commissary	<u>231.3</u>	<u>231.3</u>	<u>225.6</u>	<u>0.0</u>	<u>0.0</u>	<u>225.6</u>
Total	363.7	364.8	360.0	0.8	0.0	360.8

2. Narrative Explanation: There were no significant changes to total obligations in FY 1987.

3. Significant Initiatives: There were no significant initiatives in the Marine Corps Stock Fund in FY 1987.

4. Price Stabilization Rate Changes and Narrative Explanation: The percent change in customer prices contained in the Marine Corps Stock Fund was as follows:

FY 1987

+98.0 percent

The +98.0 percent rate change in FY 1987 (relative to FY 1986) reflected Department of Defense policy in relation to price stabilization; the Price Stabilization Surcharge (PSS) included in customer prices was designed not only to recover anticipated inflation but also to maintain the prescribed cash position of the fund.

5. Outlays and Narrative Explanations:

Outlays by category were:

Operations	-12.1
Inventory Augmentation	0.7
Mobilization	19.8
Total Outlays	<u>8.4</u>

Operations. Outlays in the Operations category are a function of the collection/disbursement relationship which in turn relates to the programs for sales and obligations in FY 1987. Collections phase closely with sales. Disbursements are calculated based primarily upon historical expenditure rates for current and prior year obligations adjusted for known impacts where appropriate.

Inventory Augmentation. Outlays are calculated based primarily upon historical expenditure rates for current and prior year obligations.

Mobilization. Outlays are calculated based primarily upon historical expenditure rates for current and prior year mobilization obligations.

**DEPARTMENT OF THE NAVY
STOCK FUND SUMMARY**

FY 1988

(Dollars in Millions)

1. Division/Budget Program	Net Customer Orders	Net Sales	Operations	Inventory Augment- ation	Mobiliz- ation	Total Oblig- ations
Ship Consumables	407.8	421.5	358.5	7.5	1.5	367.5
Publications and Forms	12.6	12.6	14.8	-	-	14.8
Ship/Commissary Stores	1,273.2	1,273.2	1,272.5	-	2.2	1,274.7
Ship Overhaul Material	118.2	118.2	118.2	-	-	118.2
Special Clearance Account	1.0	1.0	1.0	-	-	1.0
Retail Supplies	1,635.8	1,635.2	1,742.0	25.2	24.6	1,791.8
Aviation Consumables	825.8	846.9	666.7	49.2	1.6	717.5
Fuel	1,339.7	1,339.7	1,346.1	11.8	-	1,357.9
Amphibious Supplies	16.1	15.8	14.5	-	6.6	21.1
Ship Depot Repairables	845.6	870.4	868.1	88.4	3.1	959.6
Aviation Depot Repairables	2,403.8	2,583.2	1,796.3	96.3	11.5	1,904.1
Total	8,879.6	9,117.7	8,198.7	278.4	51.0	8,528.2

2. Narrative Explanation: This submission reflects the consolidation of the Navy Stock Fund and the Marine Corps Stock Fund, previously two separate accounts, into a single Department of the Navy Stock Fund effective with FY 1988. Total obligations decrease moderately over FY 1987 due to a corresponding decrease in projected demand. Operations obligations are considerably less than sales, reflecting a net reduction in assets and reduced spares costs, positive results from the continuation of numerous management initiatives taken to maximize available resources. Thus, the projected obligations are the minimal required to meet current and projected demand.

3. Significant Initiatives: Inventory Augmentation initiatives are delineated in the Readiness and Sustainability section. Operations obligations are required to finance sales replacement and levels associated with projected demand only.

4. Price Stabilization Rate Changes and Narrative Explanation: The price stabilization rate change presented in FY 1988 is a negative 6.5 percent from FY 1987. This rate change will draw down Navy Stock Fund Operations cash. This cash draw down reflects Navy's continuing management efficiencies to lower the procurement cost of spare parts as well as to improve the utilization of existing inventories and, therefore, reduce the outflow of cash from the Stock Fund. This price change is reflected in all customer accounts.

5. Projected Outlays and Narrative Explanations:

Projected outlays by category are:

Operations	-113.7
Inventory Augmentation	392.2
Mobilization	149.7
Total Outlays	<u>428.2</u>

The major reason that Operations outlays decrease so substantially from FY 1987 is due to the manner in which rebates are being processed in FY 1988. In FY 1987 the Navy Stock Fund refunded \$702.1 million to various appropriations. These rebates were processed as a negative collection which represents an outlay for the Stock Fund. Rebates in FY 1988 are being handled as transfers which are outlay neutral. The Department of the Navy Stock Fund will transfer \$619.5 million to the Operation and Maintenance, Navy appropriation during FY 1988 in accordance with Congressional and OSD direction.

**DEPARTMENT OF THE NAVY
STOCK FUND SUMMARY
FY 1989**

(Dollars in Millions)

1. Division/Budget Program	Net Customer Orders	Net Sales	Operations	Inventory Augment- ation	Mobiliz- ation	Total Oblig- ations
Ship Consumables	385.8	394.1	374.0	8.6	1.0	383.6
Publications and Forms	12.9	12.9	15.0	-	-	15.0
Ship/Commissary Stores	1,322.3	1,322.3	1,330.5	-	2.7	1,333.2
Ship Overhaul Material	108.3	108.3	108.3	-	-	108.3
Special Clearance Account	1.0	1.0	1.0	-	-	1.0
Retail Supplies	1,735.7	1,736.4	1,839.3	12.4	39.1	1,890.8
Aviation Consumables	715.0	730.2	727.1	27.8	5.3	760.2
Fuel	1,293.5	1,293.5	1,331.9	7.4	-	1,339.3
Amphibious Supplies	15.6	14.6	14.2	0.2	-	14.4
Ship Depot Repairables	714.4	729.4	850.6	49.4	5.0	905.0
Aviation Depot Repairables	2,013.9	2,094.9	1,558.8	33.3	12.5	1,604.6
Total	8,316.0	8,435.2	8,150.7	139.1	65.6	8,355.4

2. Narrative Explanation: Total obligations decrease slightly from FY 1988 due to a corresponding decrease in projected current and future demand coupled with decreases in Inventory Augmentation and Mobilization funding. Operations obligations are \$820 million less than the initial FY 1989 estimate, reflecting lower sales replacement for material sold in FY 1988 and a reduced level of material requirements to support new weapon systems.

3. Significant Initiatives: Inventory Augmentation initiatives are delineated in the Readiness and Sustainability section. Operations obligations are required to finance sales replacement and levels associated with projected demand only.

4. Price Stabilization Rate Changes and Narrative Explanation: The price stabilization rate change presented in FY 1989 is a negative 13.3 percent from FY 1988. This rate change will draw down Navy Stock Fund Operations cash to the eleven day objective, and is reflected in all customer accounts.

5. Projected Outlays and Narrative Explanations:

Projected outlays by category are:

Operations	39.7
Inventory Augmentation	353.5
Mobilization	68.5
Total Outlays	<u>461.7</u>

Operations outlays for FY 1989 approach a break-even point. This reflects a reduced volume of non-recurring sales projected in FY 1989 as compared to FY 1988.

FY 1989 Inventory Augmentation outlays are less than FY 1988, reflective of declining trends in prior year inventory augmentation obligation programs (considering the average two year financial leadtime for procuring this material.)

Outlays for mobilization material reflect a sharp decline since there were no funds approved in FY 1987 and this category also experiences an average two year financial leadtime.

**DEPARTMENT OF THE NAVY
STOCK FUND**

Financial Condition (in thousands of dollars)

Identification code 17-4911-0-4-051

Assets:

Selected Assets:

Fund balance with Treasury.....
Accounts receivable (net).....
Inventories (net).....
Other assets.....
Total assets.....

Liabilities:

Selected liabilities:

Accounts payable and accrued
Liabilities.....
Other liabilities.....
Total liabilities.....

Government equity:

Selected equities:

Unexpended budget authority:
Undelivered orders.....
Unfinanced budget authority:
Unfilled customer orders.....
Contract authority.....
Invested capital.....
Total Government equity.....

1987 Actual 1988 Estimate 1989 Estimate

1,482,027 874,739 638,724
58,134 74,780 74,780
28,126,726 27,768,765 26,823,493
937,419 936,719 939,619
30,604,306 29,655,003 28,476,616

65,183 169,347 175,597
57,934 22,817 22,817
123,117 192,164 198,414

7,466,677 6,550,948 5,969,317
(1,615,996) (1,321,395) (982,029)
(5,780,771) (5,819,332) (5,819,332)
30,411,279 30,052,618 29,110,246
30,481,189 29,462,839 28,278,202

Note: FY 1988 and FY 1989 columns reflect the consolidation of the Navy Stock Fund and Marine Corps Stock Fund, previously two separate funds.

DEPARTMENT OF THE NAVY
STOCK FUND
Financial Condition (in thousands of dollars)

Identification code 17-4911-0-4-051	<u>1987 Actual</u>	<u>1988 Estimate</u>	<u>1989 Estimate</u>
Analysis of change in Government equity:			
Paid in capital			
Opening balance.....	19,819,443	20,543,064	19,160,107
Transactions:			
Appropriations.....	352,570	329,400	204,681
Funds transfer.....		(619,500)	
Net change in capitalized inventory.....	<u>(134,568)</u>	<u>(1,092,857)</u>	<u>(1,389,318)</u>
Closing balance.....	<u>20,037,445</u>	<u>19,160,107</u>	<u>17,975,470</u>
Retained income:			
Opening balance.....	6,898,223	10,302,732	10,302,732
Transactions: Net operating change.....	<u>3,545,521</u>	<u>-0-</u>	<u>-0-</u>
Closing balance.....	<u>10,443,744</u>	<u>10,302,732</u>	<u>10,302,732</u>
Total Government equity (end of year)....	30,481,189	29,462,839	28,278,202

Note: FY 1988 and FY 1989 columns reflect the consolidation of the Navy Stock Fund and Marine Corps Stock Fund, previously two separate funds.

DEPARTMENT OF THE NAVY
MARINE CORPS STOCK FUND
Financial Condition (in thousands of dollars)

Identification code 17-4913-0-4-051	1987	
	<u>Actual</u>	
<u>Assets:</u>		
Selected Assets:		
Fund balance with Treasury.....	44,546	
Accounts receivable (net).....	17,216	
Inventories (net).....	<u>371,747</u>	
Total assets.....	433,509	
<u>Liabilities:</u>		
Selected liabilities:		
Accounts payable and accrued		
Liabilities.....	104,019	
Other liabilities.....	<u>(35,117)</u>	
Total liabilities.....	68,902	
<u>Government equity:</u>		
Selected equities:		
Unexpended budget authority:		
Undelivered orders.....	36,307	
Unfinanced budget authority:		
Unfilled customer orders.....	(4,886)	
Contract authority.....	<u>(38,561)</u>	
Invested capital.....	<u>371,747</u>	
Total Government equity.....	364,607	

DEPARTMENT OF THE NAVY
MARINE CORPS STOCK FUND
Financial Condition (in thousands of dollars)

Identification code 17-4913-0-4-051 1987
Actual

Analysis of change in Government equity:

Paid in capital	
Opening balance.....	555,877
Transactions:	
Appropriations.....	822
Funds transfer.....	-0-
Net change in capitalized inventory.....	(51,080)
Closing balance.....	505,619
Retained income:	
Opening balance.....	(148,621)
Transactions: Net operating change.....	7,609
Closing balance.....	<u>(141,012)</u>
Total Government equity (end of year)....	364,607

DEPARTMENT OF THE NAVY
STOCK FUND
Revenue and Expense (in thousands of dollars)

Identification code 17-4911-0-4-051	<u>1987 Actual</u>	<u>1988 Estimate</u>	<u>1989 Estimate</u>
Operating change:			
Revenue: Sale of goods.....	<u>7,697,642</u>	<u>9,117,758</u>	<u>8,490,058</u>
Expense:			
Purchase of goods (at cost).....	6,578,856	8,072,650	7,571,556
Transportation.....	51,485	66,400	70,030
Inventory increase (-) or decrease.....	(3,814,666)	(366,792)	(436,328)
Other expense.....	<u>1,336,447</u>	<u>1,345,500</u>	<u>1,284,800</u>
Total expense.....	4,152,122	9,117,758	8,490,058
Net operating changes.....	3,545,520	-0-	-0-

Note: FY 1988 and FY 1989 columns reflect the consolidation of the Navy Stock Fund and Marine Corps Stock Fund, previously two separate funds.

DEPARTMENT OF THE NAVY
MARINE CORPS STOCK FUND
Revenue and Expense (in thousands of dollars)

Identification code 17-4913-0-4-051	1987 <u>Actual</u>
Operating change:	
Revenue: Sale of goods.....	<u>364,824</u>
Expense:	
Purchase of goods (at cost).....	355,344
Transportation.....	2,613
Inventory increase (-) or Decrease.....	(742)
Other expense.....	<u>-0-</u>
Total expense.....	<u>357,215</u>
Net operating changes.....	7,609

**DEPARTMENT OF THE NAVY
STOCK FUND**

Status of Unfunded Contract Authority (in thousands of dollars)

Identification code 17-4911-0-4-051	<u>1987 Actual</u>	<u>1988 Estimate</u>	<u>1989 Estimate</u>
Status of Unfunded Contract Authority:			
Unfunded Balance (start of year).....	5,615,870	5,780,771	5,819,332
Contract Authority.....	164,902	0	0
Contract Authority transfer.....	<u>0</u>	<u>38,561</u>	<u>0</u>
Unfunded Balance (end of year).....	5,780,772	5,819,332	5,819,332

DEPARTMENT OF THE NAVY
MARINE CORPS STOCK FUND
Status of Unfunded Contract Authority (in thousands of dollars)

Identification code 17-4913-0-4-051	<u>1987 Actual</u>	<u>1988 Estimate</u>
Status of Unfunded Contract Authority:		
Unfunded Balance (start of year).....	41,302	38,561
Contract Authority.....	-2,7410	0
Contract Authority transferred.....	<u>0</u>	<u>-38,561</u>
Unfunded Balance (end of year).....	38,561	0

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